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March 12, 2004
Ms Marlene H. Dortch
Secretary
Federal Communications Commission
The Portals
445 12th Street, S.W.
Washington, D.C. 20554

Re: CC Docket No. 95-116

Dear Ms Dortch:

This is to inform you that on March 11, 2004, I, representing BellSouth Corporation, met with Christopher Libertelli, Senior Legal Advisor to Chairman Powell, to discuss BellSouth's Petition for Declaratory Ruling and/or Waiver filed in CC Docket No. 95-116. In particular we discussed the nature of the relief BellSouth sought and the need for prompt action on the petition. The attached documents formed the basis of the presentation.

In accordance with Section 1.1206, I am filing this notice and attachment electronically and request that you please place both in the record of the proceeding identified above. Thank you.

Sincerely,

A handwritten signature in cursive script that reads "Kathleen B. Levitz".

Kathleen B. Levitz

Attachment

cc: Christopher Libertelli

Background

Local Number Portability:

- In the 1996 First LNP Order the FCC established rules for the implementation of service provider number portability for both wireline and wireless service providers.
- Initially, the Commission required all wireline carriers (LECs) to provide number portability in the 100 largest Metropolitan Statistical Areas ("MSAs") according to a phased deployment schedule that commenced on October 1, 1997 and concluded December 31, 1998.
- For Wireless LNP, the Commission set an initial compliance date of June 30, 1999 but subsequently the Commission extended the deadline on three separate occasions resulting in WLNP implementation beginning on November 24, 2003.

Cost Recovery for Local Number Portability

- In the 1998 Third LNP Order (Par 8 & 36), the FCC concluded that the costs of establishing number portability includes those costs that LECs incur to meet the obligations imposed by section 251(b)(2) (1996 Telecom Act) for the industry-wide solution to local number portability.
- Also, in the Third LNP Order, the FCC allowed rate of return LECs and price cap LECs to recover their carrier specific costs directly related to providing LNP through a federal tariffed, monthly number portability surcharge.
- BellSouth filed costs study and tariff in 1999. BellSouth did not include wireless LNP costs in its original 1999 LNP cost study since WLNP costs were unknown at that time
- LNP surcharge was approved and implemented in 1999 for a five-year period to recover the costs for implementation of wireline LNP. The existing surcharge will be eliminated in May 2004.
- The end user charge cannot be changed during the five-year period unless it can be shown that the end-user charge was not reasonable based on the information available at the time it was initially set

Wireless Local Number Portability:

- The costs to support wireless LNP are carrier specific costs directly related to providing LNP that LECs must incur to meet the LNP requirement. These costs are separate and distinct from the cost to implement wireline LNP.
 - ❖ WLNP requirements were still under development, and WLNP industry issues were unresolved. Examination of the record clearly shows that the requirements for wireless portability were not developed or finalized until after the implementation of wireline LNP.
- The Act and the commission's existing rules support allowing incumbent LECs to recover wireless LNP costs through an end-user charge.

BellSouth Petition:

- BellSouth did ex parte on 12/04/02 on cost recovery for Wireless LNP and requesting that
 - ❖ Wireline service providers should be allowed to recover their carrier specific costs for the implementation of WLNP.
 - ❖ FCC should allow wireline service providers to recover the costs for implementing wireless portability by modifying the existing LNP surcharge.
- Subsequent ex parte done on 2/20/03 where FCC Staff recommended a 2-prong approach:
 - ❖ First we needed to file a petition for declaratory ruling asking for cost recovery.
 - ❖ Upon approval to recover costs for WLNP, file a cost study and tariff.
- In addition, Staff explained the alternatives they would like to see.

BellSouth Petition:

- BellSouth filed petition for declaratory ruling on November 14, 2003 requesting approval for cost recovery for WLNP.
- Estimated costs for implementation of LNP is: \$37,882,032.00
- Costs Summary:
 - a) OSS \$17,133,698.00
 - b) Centers \$14,623,434.00
 - c) NeuStar \$ 5,936,786.00
 - d) Project Management \$188,114.00
- Petition included the following proposals for modifying the exiting LNP Surcharge:

<u>Scenario</u>	<u>Amount</u>
Scenario 1 (Increase Current \$0.35 LNP Rate January 2004 through May 2004)	\$0.66
Scenario 2 (WLNP Rate – Three- Month Recovery)	\$0.45
Scenario 3 (WLNP Rate – Six Month Recovery)	\$0.23
Scenario 4 (One Time Charge)	\$1.21

Background

- 1) BellSouth did ex parte on 12/04/02 explaining the issues of cost recovery for Wireless LNP
- 2) Subsequent Ex part done on 2/203 where Staff saw a 2-prong approach as required for gaining recovery. First we needed to file a petition for declaratory ruling or, in the alternative, for waiver of the LNP cost recovery rule. And then submit a cost study. In addition, Staff explained the alternatives they would like to see.
- 3) BellSouth filed petition for declaratory ruling on November 14, 2003

Key Points for Wireless LNP Cost Study

- 1) Study covers a five year period but OSS costs are incurred for only 2 years and headcount costs are incurred in only three years
- 2) Wireless LNP cost study uses same methodology as the wireline LNP study:
 - a) Only Operation Support Systems (OSS) allowed in the wireline LNP study are included;
 - b) Only factors allowed in wireline LNP cost study are used (e.g. Land & Building factors, Supporting Equipment & Power factors are not used;
- 3) Total Costs: \$37,882,032.00
- 4) Costs Summary:

a) OSS	\$17,133,698.00
b) Centers	\$14,623,434.00
c) NeuStar	\$ 5,936,786.00
d) Project Management	\$188,114.00

Impact on Existing LNP Rate

<u>Scenario</u>	<u>Amount</u>
Scenario 1 (Increase Current \$0.35 LNP Rate January 2004 through May 2004)	\$0.66
Scenario 2 (WLNP Rate – Three- Month Recovery)	\$0.45
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Key Points on LSR Charges

- BellSouth does not charge a fee for migration of numbers associated with Type 1 Interconnection arrangements to Type 2 interconnection arrangement.
- BellSouth charges all service providers a LSR processing charge, which is approved in State tariffs. Charges are for developing the capability to allow service providers to submit LSRs to BellSouth.
- Higher charge for manual LSR processing.
- Prior to WLNP, these LSR charges were assessed to any CLEC submitting LSRs to BellSouth for processing. Parity dictates that they be assessed to wireless service providers.
- LSR charges are not related to LNP or WLNP and do not satisfy the “but for” tests for LNP cost recovery.

Reason Cost Study Changed From \$22 M to \$33M

- Additional headcount expense has been added:
 - 1st Qtr – 04 105
 - 2nd Qtr – 04 75
 - 3rd Qtr – 04 50
 - 4th Qtr – 04 50
 - 2005 31
 - 2006 25
 - Headcount decreases due to Type 1 migration strategy and mechanization.
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Wireline Cost Recovery for Wireless LNP

